



NC OSC Policy 200.11

Establishing an Allowance for Doubtful Accounts

Policy Area: Accounts Receivable	Effective Date: 07/01/1995
Policy Sub Area: NA	Last Revision Date: NA
Authority: G. S. 147-86.21	Policy Owner/Division: Statewide Accounting
<p><u>Policy</u> Management should establish an allowance for doubtful accounts to reflect the amount of an agency's receivables that management estimates will be uncollectible. The establishment of an allowance account ensures that the agency's receivables are not overstated for financial reporting purposes.</p> <p>The method of establishing an allowance for doubtful accounts is left to the agency's discretion. However, the estimated allowance should be based upon historical data or other pertinent information relative to the receivables in question.</p>	
<p><u>Procedures</u> NA</p>	
<p><u>Accounting Guidance</u> NA</p>	
<p><u>Related Documents (Memos/Forms)</u> NA</p>	
Revision History	
Date	Description
NA	